

## Message Text

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PAGE 01 BUENOS 06567 241747Z  
ACTION PER-05

INFO OCT-01 ARA-10 ISO-00 FS-01 ABF-01 /018 W  
-----097658 250617Z /12

R 241650Z AUG 78  
FM AMEMBASSY BUENOS AIRES  
TO SECSTATE WASHDC 7123

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FOR PER/ES/LP

E.O. 11652 N/A  
TAGS AFSP, ELAB, AR  
SUBJECT LOCAL SALARIES - SPOTCHECK

1. EFFECTIVE AUG 1, THE GOA INCREASED FROM 40 PERCENT TO 71.5 PC  
THE MARGIN OF FLEXIBILITY COMPANIES ARE PERMITTED TO PAY  
OVER AND ABOVE THE MINIMUM WAGES ESTABLISHED BY LABOR  
AGREEMENTS. TO GUAGE THE EFFECT OF THIS ACTION AND TO SEE  
WHAT INCREASES HAD TAKEN PLACE, SINCE THE DATA WAS GATHERED  
FOR THE LAST SPOT CHECK, THE POST CONDUCTED A NEW SPOT  
CHECK OF SALARIES AMONG THE SIXTEEN COMPANIES INCLUDED IN  
THE WAGE SURVEY TO DETERMINE THE ADJUSTMENT REQUIRED IN  
FSL SALARIES. THE FOLLOWING RESULTS WERE OBTAIN:

COMPANY A: TEN PERCENT EFFECTIVE JULY 1, 1978.  
COMPANY B: NO CHANGE.  
COMPANY C: NO CHANGE.  
COMPANY D: TWNETY THREE POINT SEVEN PERCENT AFFECTIVE AUG.  
COMPANY E: FOURTEEN POINT FIVE EFFECTIVE JULY 1, 1978;  
AND TWENTY PERCENT EFFECTIVE SEPTEMBER 1, 1978.  
COMPANY F: NEXT INCREASE WILL BE IN OCTOBER.  
COMPANY G: NO CHANGE. ANTICIPATING INCREASE TO BE  
EFFECTIVE SEPTEMBER/OCTOBER 1978.  
COMPANY H: TWELVE PERCENT EFFECTIVE JULY 1, 1978.

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COMPANY I: FORTY PERCENT EFFECTIVE AUGUST 1, 1978.  
COMPANY J: NO CHANGE. PLAN AN INCREASE TO BE EFFECTIVE  
OCTOBER 1, 1978.  
COMPANY K: TWENTY FIVE PERCENT EFFECTIVE AUGUST 1, 1978.  
COMPANY L: TWNETY FIVE PERCENT EFFECTIVE AUGUST 1, 1978.  
COMPANY M: TEN PERCENT EFFECTIVE SEPTEMBER 1, 1978.  
COMPANY N: PLAN AN INCREASE TO BE EFFECTIVE OCTOBER 1, 1978.

COMPANY O: THIRTEEN PERCENT EFFECTIVE JULY 1, 1978.

2. REQUESTED ACTION: THE RESPONSE INDICATED BY THE SPOT CHECK WOULD BE AN ACROSS THE BOARD INCREASE OF 13.6 PERCENT IN LOCAL SALARIES.

3. THE POST, HOWEVER, HAS NOTED THAT THE CURRENT COMPENSATION SCHEDULE IS BECOMING INCREASINGLY DISTORTED

PRIMARILY DUE TO THE LACK OF SYMMETRY AND THE EXAGGERATED RANGE OF SALARY LEVELS WITHIN EACH GRADE. WE HAVE OBSERVED, FOR EXAMPLE, THAT THE FSL SALARY RANGE BETWEEN STEPS 1 AND 8 OF EACH GRADE IS BETWEEN 50 AND 60 PERCENT AS COMPARED WITH 20 PC BETWEEN STEPS 1 AND 7 OF EACH GRADE IN THE FS PAY SCALE AND 30 PC BETWEEN STEPS 1 AND 10 IN THE GS PAY SCALE. A SIMILARLY DISTORTED PATTERN IS FOUND IN THE PERCENTAGE DIFFERENCES IN COMPENSATION BETWEEN GRADE LEVELS. WE ARE AWARE THAT PROBLEMS OF THIS NATURE CAN BEST BE SOLVED IN CONJUNCTION WITH IMPLEMENTATION OF NEW AND FULL SCALE WAGE SURVEYS, AND FOR THIS REASON WE ARE ANXIOUS FOR THE SCHEDULED SURVEY TEAM TO ARRIVE NEXT MONTH.

4. IN THE MEANWHILE, WE FEEL IT ESSENTIAL TO TRY TO KEEP PACE WITH THE INFLATIONARY PRESSURES AND THEIR IMPACT ON PREVAILING LOCAL PRACTICE. TO AVOID EXCESSIVE ADDED LIMITED OFFICIAL USE

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TIONAL DISTORTIONS AT OUR UPPER LEVELS WE ARE RECOMMENDING THAT A CEILING BE PLACED ON SALARY LEVELS AND THAT AN INCREASE OF 13.6 PC BE AUTHORIZED WITH THE TOP SALARY NOT TO EXCEED THE DOLLAR EQUIVALENT OF \$27,500. ONLY GRADE 9, STEPS 7 AND 8, WOULD BE AFFECTED BY THIS CEILING AT THE CURRENT TIME. THIS MEASURE WOULD NOT SOLVE THE SERIOUS PROBLEM OF DISTORTIONS THROUGHOUT THE COMPENSATION SCHEDULE BUT WOULD CONTROL ONE OF THE POST'S PRINCIPAL CONCERNS PENDING THE ARRIVAL OF THE SURVEY TEAM.

5. YOUR COMMENTS ON THE FOREGOING WOULD BE APPRECIATED. WE STRONGLY URGE THAT THE RECOMMENDED ADJUSTMENT BE APPROVED EFFECTIVE NO LATER THAN SEPT. 10, 1978. CASTRO

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** WAGE RATES, SURVEYS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 893c105c-c288-dd11-92da-001cc4696bcc  
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**Original Handling Restrictions:** n/a  
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**Review Release Event:** n/a  
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**Status:** NATIVE  
**Subject:** LOCAL SALARIES - SPOTCHECK  
**TAGS:** AFSP, ELAB, AR  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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